

## Message Text

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ORIGIN ARA-10

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DRAFTED BY ARA-LA/BC/B:RLNICHOLSON:EO

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FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ PRIORITY

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E.O. 11652: N/A

TAGS: PFOR, ENRG, BL

SUBJECT: GULF OIL (MCCLOY REPORT)

REF: STATE 003389

1. ARA-LA/BC HAS REVIEWED COPY OF GULF REPORT AND WILL FORWARD TO POST. MAJOR POINTS CONCERNING BOLIVIA ARE SUMMARIZED BELOW. GULF MADE THREE SEPARATE GIFTS/PAYMENTS TO BOLIVIA: THE HELICOPTER TO BARRIENTOS, PAYMENTS TO AN AIDE TO BARRIENTOS AND AN EMPLOYEE OF YPFB, AND DONATION OF A FIELD HOSPITAL.

2. HELICOPTER: DURING A VISIT TO WASHINGTON IN EARLY 1966, BARRIENTOS PERSONALLY REQUESTED THAT GULF PROVIDE HIM A HELICOPTER FOR USE IN CAMPAIGNING. GULF ARRANGED A THREE TO FOUR-MONTH LEASE WITH FAIRCHILD HILLER UNDER THE COVER OF A PHONY CONTRACT BETWEEN FAIRCHILD AND BARRIENTOS WITH AN EVENTUAL COST TO GULF OF \$45,925. FOLLOWING BARRIENTOS' ELECTION, GULF WAS INFORMED BY AMBASSADOR SANJINAS THAT BARRIENTOS REFUSED TO RETURN THE HELICOPTER, THAT SOME MEANS HAD TO BE FOUND TO LET BARRIENTOS KEEP THE

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HELICOPTER SINCE BARRIENTOS WOULD NOT UNDERSTAND THE

REASONS FOR GULF'S REFUSAL TO LET HIM KEEP IT. GULF  
SUBSEQUENTLY ARRANGED TO BUY THE HELICOPTER FROM FAIRCHILD,

WITH FAIRCHILD MAINTAINING THE FICTION OF A RENTAL AGREE-  
MENT, AND A FINAL PAYMENT OF \$62,000 FOR THE HELICOPTER WAS  
MADE BY GULF IN OCTOBER 1966. THE COMMITTEE WAS INFORMED  
THAT BARRIENTOS SUBSEQUENTLY DONATED THE AIRCRAFT TO THE  
BOLIVIAN AIR FORCE. THE COMMITTEE REPORTED IT FOUND NO  
EVIDENCE THAT THIS GIFT TO BARRIENTOS WAS FOR THE SPECIFIC  
PURPOSE OF INDUCING ANY ACTION OR OMISSION TO ACT ON THE  
PART OF BARRIENTOS.

3. PAYMENTS TO BOLIVIAN NATIONALS: THESE PAYMENTS  
OCCURRED DURING THE COURSE OF NEGOTIATIONS BETWEEN THE GOB  
AND GULF OIL COMPANY-LATIN AMERICA ON THE SANTA CRUZ-  
YACUIBA GAS PIPELINE. APPARENTLY LATE IN THE FINAL STAGES  
OF THE NEGOTIATIONS GULF WAS INFORMED BY GULF-LATIN  
AMERICA THAT THERE WAS AN OBLIGATION ON THE PART OF GULF  
TO PAY BARRIENTOS AN AMOUNT EXCEEDING ONE MILLION DOLLARS,  
THAT TWO BOLIVIAN NATIONALS (AN OFFICIAL OF YPFB AND ONE  
OF BARRIENTOS' ASSISTANTS) WERE TO PARTICIPATE IN THE PAY-  
MENTS IN THE AMOUNT OF 10 EACH, AND THAT ALL THREE  
RECIPIENTS WERE TO RECEIVE THEIR MONEY VIA NUMBERED  
ACCOUNTS IN THE SWISS CREDIT BANK IN ZURICH. BARRIENTOS  
DIED PRIOR TO THE SIGNING OF THE CONTRACT FOR THE PIPELINE  
AND THUS PAYMENTS FOR HIS PORTION OF THE \$1.8 MILLION WERE  
DEFERRED AND LATER APPARENTLY CANCELLED. PAYMENTS, HOW-  
EVER, WERE MADE IN MAY 1969 TO THE TWO BOLIVIAN NATIONALS  
(\$70,000 TO EACH). IN OCTOBER 1970 ANOTHER \$110,000 WAS  
TRANSFERRED TO THE ACCOUNT OF APPARENTLY ONLY ONE OF THE  
TWO BOLIVIAN NATIONALS. THE RECORD IS UNCLEAR CONCERNING THE  
IDENTITY OF THE RECIPIENT OF STILL AN ADDITIONAL \$100,000,  
WHICH MAY OR MAY NOT HAVE HAD ANYTHING TO DO WITH THE  
BOLIVIAN NATIONALS. CONCLUDING ITS DISCUSSION ON THE RECIPIENTS  
OF THESE PAYMENTS, THE COMMITTEE SAID THAT IT WAS BY NO  
MEANS CERTAIN OF THE IDENTITY OF THE RECIPIENTS AND THAT  
SUCH INFORMATION AS IT DOES HAVE IS BASED ON HEARSAY.  
THEREFORE, THE COMMITTEE DID NOT FEEL IT WAS DESIRABLE TO  
IDENTIFY THE BOLIVIAN NATIONALS SUSPECTED OF BEING THE  
RECIPIENTS.

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4. THE COMMITTEE ALSO TOOK CARE TO POINT OUT A MAJOR  
DIVERGENCE BETWEEN THE TESTIMONY OF WALTER WILDS, FORMERLY  
AN ASSISTANT TREASURER IN GULF'S PITTSBURGH OFFICE, AND  
GULF EXECUTIVES CONCERNING THE PAYMENTS. WILDS MAINTAINED  
THAT THE PAYMENTS HAD BEEN CLEARED BY THE GULF  
EXECUTIVE, BUT ALL MEMBERS OF THE EXECUTIVE HAVE DENIED  
ANY KNOWLEDGE OF THESE PAYMENTS, AND THE COMMITTEE HAS NO

EVIDENCE OF THEIR INVOLVEMENT. APPARENTLY DISMAYED BY THE GOB'S ACTIONS AGAINST CARLOS DORADO, THE COMMITTEE TOOK SPECIAL NOTE OF THE POSSIBILITY OF DORADO'S INVOLVEMENT IN

THE HELICOPTER TRANSACTION AND THE PAYMENTS TO BOLIVIAN NATIONALS. THE COMMITTEE CONCLUDED THAT IT WAS UNLIKELY HE WAS EITHER INVOLVED OR HAD KNOWLEDGE OF EITHER TRANSACTION.

5. FIELD HOSPITAL: AT AN UNDISCLOSED DATE, GULF WAS APPROACHED IN WASHINGTON BY THE BOLIVIAN AMBASSADOR FOR A CONTRIBUTION TOWARD THE PURCHASE OF A FIELD HOSPITAL. IT IS UNCERTAIN HOW MUCH GULF CONTRIBUTED, ONE SOURCE CITING \$8,000-10,000, ANOTHER AROUND \$25,000. THERE IS NO EVIDENCE OF A QUID PRO QUO TO THIS CONTRIBUTION.

6. COMMENT: BRIEF DISCUSSION WITH MINISTER ARNAL OF THE BOLIVIAN EMBASSY INDICATES THAT THE EMBASSY AT LEAST IS CONFUSED BY THE GULF REPORT AND FEELS THAT IT LEAVES MORE QUESTIONS UNANSWERED THAN RESOLVED. ARNAL INDICATED HE DID NOT KNOW WHAT REACTION WOULD BE FORTHCOMING FROM LA PAZ. KISSINGER

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